

## Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 SSO-00 USIE-00 AID-05  
CEA-01 CIAE-00 COME-00 EA-07 FRB-03 INR-07 NEA-10  
NSAE-00 OPIC-03 SP-02 TRSE-00 LAB-04 SIL-01  
AGRE-00 OMB-01 INRE-00 /078 W  
-----021506Z 035204 /40

O P 021537Z APR 77

FM USMISSION OECD PARIS

TO SECSTATE WASH DC IMMEDIATE 6003

INFO ALL OECD CAPITALS PRIORITY

USMISSION USUN PRIORITY

USMISSION GENEVA PRIORITY

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PASS: EB FOR BOEKER; TREASURY FOR GRIFFIN; COMMERCE  
FOR KATZ

E.O. 11652: N/A

TAGS: EINV, OECD

SUBJECT: COMMITTEE ON INTERNATIONAL INVESTMENT AND  
MULTINATIONAL ENTERPRISES (CIME); MARCH 30 BIAC/TUAC  
SPECIAL SESSION

REF: (A) IME(77)3; (B) IME(77)4

1. SUMMARY: CIME COMPLETED FIRST BIAC/TUAC CONSULTA-  
TIONS UNDER THE GUIDELINES IN GENERALLY SATISFACTORY  
MANNER WITHOUT SETTING ANY PRECEDENTS WHICH SHOULD PROVE  
TROUBLESOME. IMPORTANTLY, NO GOVERNMENTS COMMENTED ON  
TUAC PRESENTATIONS OF ACCUSATIONS AGAINST COMPANIES,  
THUS AVOIDING BEING DRAWN INTO DISCUSSION OF CASES. BIAC  
PRESENTATION WAS DESULTORY AND NOT WELL-ORGANIZED, BUT  
CONTAINED NOTHING THAT SHOULD CAUSE US PROBLEMS OVER THE  
LONG RUN. END SUMMARY

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2. CIME SPENT MARCH 30 IN FIRST OF PERIODIC CONSULTA-  
TIONS WITH TUAC (IN A.M.) AND BIAC (AFTERNOON). ALTHOUGH  
SUBSTANCE AND TONE OF TWO SESSIONS DIFFERED SIGNIFICANTLY,  
PROCEDURE FOLLOWED WAS SAME, WITH ADVISORY GROUP MAKING  
PRESENTATIONS AND CIME PASSIVELY LISTENING.

TUAC

3. IN GENERAL, TUAC PLAYED HEAVILY ON THEME THAT BASIC ISSUE WITH RESPECT TO GUIDELINES WAS TO ENSURE THEIR EFFECTIVE IMPLEMENTATION. TUAC REPS ACKNOWLEDGED, HOWEVER, THAT NOT ENOUGH EVIDENCE AVAILABLE YET TO JUSTIFY CONCLUSIONS ON THIS ISSUE, BUT PRESSED STRONGLY FOR ROLE IN DEVELOPING CIME PROGRAM FOR OBTAINING SUCH EVIDENCE. TO THIS END, SPECIFIC SUGGESTION WAS MADE, BUT NOT YET ACTED UPON BY CIME, THAT SECOND CONSULTATIONS SESSION REQUIRED THIS YEAR.

4. TUAC REPS THEN PROCEEDED WITH STRONG PRESENTATION ON FIVE SPECIFIC ISSUES: (A) BADGER BELGIUM CASE; (B) HERTZ CASE IN DENMARK; (C) PROBLEMS UNIONS CLAIM TO FACE IN COLLECTIVE BARGAINING WITH MNE'S IN CONNECTION WITH INTERPRETATION OF THE GUIDELINES; (D) DOMESTIC U.S. ACTIONS OF J.P. STEVENS TEXTILE FIRM RE RECOGNITION OF UNION RIGHTS; AND (E) ALLEGED ANTI-UNION ATTITUDE OF CITY BANK AND CITICORP REFLECTED IN THEIR EMPLOYEE RELATIONS MANUAL. TEDI-  
OUS, DETAILED PRESENTATION MADE BY SEVERAL BELGIAN LABOR REPS OF BADGER CASE IN SUPPORT OF CONTENTION THAT PARENT RESPONSIBLE FOR BELGIAN SUB'S LIABILITIES TO FORMER EMPLOYEES AND IS IN VIOLATION OF GUIDELINES FOR NOT MEETING THESE OBLIGATIONS. NEW ELEMENT WAS MATERIAL CIRCULATED ALLEGING FINANCIAL MANIPULATION BY PARENT TO REDUCE ASSETS OF SUB. HERTZ CASE INTRODUCED AS ILLUSTRATION OF LOOPHOLE IN ARTICLE 8 OF EMPLOYMENT AND INDUSTRIAL RELATIONS SECTION OF GUIDELINES, WHICH RELATES TO THREAT TO LIMITED OFFICIAL USE

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TRANSFER OPERATIONS DURING NEGOTIATIONS. HERTZ ALLEGED TO HAVE BROUGHT IN EMPLOYEES FROM OTHER COUNTRIES DURING A STRIKE BY DANISH EMPLOYEES AND AMENDMENT SUGGESTED TO ADD THIS TO TRANSFER OF OPERATIONS AS FORBIDDEN PRACTICES FIFTEEN CASES PRODUCED EARLIER BY INTERNATIONAL METALWORKERS' FEDERATION CITED AS EXAMPLES OF PROBLEM RE COLLECTIVE BARGAINING. J.P. STEVENS CASE INTRODUCED BY AFL-CIO REP JAGER AS CASE WHERE ENTERPRISE WITH MOSTLY HOME COUNTRY OPERATIONS NOT FOLLOWING GUIDELINES IN DEALING WITH EMPLOYEE REPRESENTATIVES.

BIAC

5. IN A GENERALLY DESULTORY AND POORLY ORGANIZED PRESENTATION, BIAC MEMBERS GAVE THEIR VIEWS ON BUSINESS EXPERIENCE RELATED TO THE OECD GUIDELINES SINCE THE DECLARATION OF JUNE 21, 1976. SIR MICHAEL CLAPHAM (CHAIRMAN OF BIAC DELEGATION) REVIEWED REFD0C B, NOTING

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INFO OCT-01 EUR-12 IO-13 ISO-00 SSO-00 AID-05 CEA-01  
CIAE-00 COME-00 EA-07 FRB-03 INR-07 NEA-10  
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AGRE-00 OMB-01 USIE-00 INRE-00 /078 W  
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PARTICULARLY THAT THE DISCLOSURE OF INFORMATION REQUIREMENTS OF THE OECD GUIDELINES WOULD, IN GENERAL, BE MET BY MANY MNE'S IN THEIR 1978 ANNUAL REPORTS, AS THERE WAS GENERALLY NOT SUFFICIENT TIME TO INCORPORATE THEM IN THEIR 1977 REPORTS. REACTING TO TUAC PRESENTATION IN THE MORNING, HE NOTED THAT BIAC WOULD NOT ACT AS DEFENDING COUNSEL FOR ANY OF THE FIRMS MENTIONED BY TUAC.

6. SEVERAL BIAC DELS NOTED NEED TO HARMONIZE NATIONAL LAWS AND REGULATIONS IN FIELD OF ACCOUNTING AND TAXATION; THE GREAT DIVERSITY IN THIS AREA MADE IT DIFFICULT FOR MNE'S TO KEEP UP. TACKE (SIEMENS) POINTED OUT THAT MOST MNE'S ARE TAKING GUIDELINES VERY SERIOUSLY AND ARE TRYING TO DO THE BEST THEY CAN, GIVEN THE LARGE NUMBERS OF EMPLOYEES INVOLVED, AND THE FACT THAT THEY ARE TRYING TO IMPLEMENT GUIDELINES NOT ONLY IN OECD AREA, BUT WORLD-WIDE.

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7. BIAC INDICATED THAT NO LIST HAD BEEN PREPARED OF THE COMPANIES THAT HAD EXPRESSLY STATED THEY WOULD SEEK TO COMPLY WITH THE GUIDELINES; HOWEVER, THEY DID INDICATE A WILLINGNESS TO DO SO IF THE CIME SO WISHED. THEY REMINDED CIME THAT A VERY LARGE NUMBER OF COMPANIES ARE INVOLVED.

8. USA-BIAC REP (RHEA, GM) INDICATED THAT OECD GUIDELINES HAD BEEN WELL-RECEIVED IN U.S. AND THAT THERE HAD BEEN AN ACTIVE FOLLOW-UP, WITH THE PREPARATION OF SEVERAL BOOKLETS ON SPECIFIC ASPECTS OF THE GUIDELINES EITHER COMPLETED OR NEARLY SO. HE ALSO NOTED THAT WITH THE NEW ACCOUNTING STANDARDS IN U.S., ALL COMPANIES IN U.S. WILL BE IN CONFORMITY WITH OECD DISCLOSURE OF INFORMATION REQUIREMENTS BY 1978.

9. BIAC GENERALLY AGREED WITH ABRAMOWSKI'S VIEW THAT FREQUENCY OF BIAC/TUAC CONSULTATIONS SHOULD BE ABOUT ONCE A YEAR, ALTHOUGH THERE MAY BE REASON FOR MORE FREQUENT MEETINGS AT THE BEGINNING OF THIS PROCESS.

10. IN VIRTUALLY ONLY GOVERNMENTAL INTERVENTION, SWEDISH DEL (NIKlasson), SENSING OPPORTUNITY FOR A CHEAP SHOT, ASKED IF BIAC WOULD HAVE ANY OBJECTION TO CIME INVITING A COMPANY TO ATTEND A MEETING TO PRESENT ITS CASE IF IT HAD BEEN CITED AS AN EXAMPLE UNDER THE GUIDELINES. CLAPHAM, APPARENTLY OBLIVIOUS OF THE HISTORY AND IMPLICATIONS OF THIS HIGHLY SENSITIVE ISSUE, REPLIED THAT HE HADN'T GIVEN THE QUESTION ANY THOUGHT, BUT SUPPOSED IT WOULD BE A GOOD IDEA TO INVITE THE COMPANY. (OTHER DELS SAW THROUGH NIKlasson'S PLOY AND, LED BY UK DEL (MUELLER), BRUSQUELY TURNED ASIDE HIS ATTEMPT TO USE CLAPHAM'S RESPONSE IN CONNECTION WITH FOLLOWING DAY'S DISCUSSION OF BELGIAN PROPOSAL TO INVITE BADGER.)  
TURNER

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## Message Attributes

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